

**701—80.5(427) Speculative shell buildings.**

**80.5(1) Authority of city council and board of supervisors.** A city council or county board of supervisors may enact an ordinance granting property tax exemptions for value added as a result of new construction, reconstruction or renovation of speculative shell buildings owned by community development organizations, not-for-profit cooperative associations under Iowa Code chapter 499A, or for-profit entities. See Iowa Code section 427.1(27) for definitions. The percentage of exemption and period of time over which the exemption may be allowed are established by the council or board in the ordinance authorizing the exemption, and the same exemption applies to all qualifying property within that jurisdiction.

**80.5(2) Eligibility for exemption.** The value added by new construction, reconstruction, or renovation and first assessed prior to January 1 of the calendar year in which an ordinance authorizing a tax exemption becomes effective is not eligible for exemption. However, the value added as of January 1 of the calendar year in which the ordinance becomes effective is eligible for exemption if the ordinance is in effect on February 1 of that calendar year. This subrule does not apply to new construction projects having received prior approval.

**80.5(3) Application for exemption.**

*a.* A community development organization, not-for-profit cooperative association, or for-profit entity must file an application for exemption with the assessor between January 1 and February 1, inclusive, of the year in which the value added is first assessed. If approved, no application for exemption is required to be filed in subsequent years for that value added. An application cannot be filed if a valid ordinance has not been enacted. If an application is not filed by February 1 of the year in which the value added is first assessed, the organization, association, or entity cannot receive, in subsequent years, the exemption for that value added. However, if the organization, association, or entity has received prior approval, the application must be filed by February 1 of the year in which the total value added for the new construction is first assessed.

*b.* In the event that February 1 falls on either a Saturday or Sunday, applications for the exemption may be filed the following Monday.

*c.* Applications submitted by mail must be accepted if postmarked on or before February 1, or in the event that February 1 falls on either a Saturday or Sunday, a postmark date of the following Monday is acceptable.

**80.5(4) Prior approval.** To obtain prior approval for a project, the proposal of the organization, association, or entity must be approved by a specific ordinance addressing the proposal and passed by the city council or board of supervisors. The original ordinance providing for the exemption does not constitute the granting of prior approval for a project. If an organization, association, or entity has obtained a prior approval ordinance from a city council or board of supervisors, the exemption cannot be obtained until the year in which all value added for the completed project is first assessed. Reconstruction and renovation projects must receive prior approval to qualify for exemption.

**80.5(5) Termination of exemption.** The exemption continues until the property is leased or sold, the time period specified in the ordinance elapses, or the exemption is terminated by ordinance of the city council or board of supervisors. If the ordinance authorizing the exemption is repealed, all existing exemptions continue until their expiration and any projects having received prior approval for exemption are to be granted an exemption upon completion of the project.

This rule is intended to implement Iowa Code section 427.1(27).